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**CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM EXHIBIT A**  
**(Struck-out matter—deleted; Underlined matter—new)** **Page 1 of 2**

**Sec. 1. DEFINITIONS**

*A new definition is introduced as follows:*

Unless the context otherwise requires, the following definitions apply:

"Business day" means a day on which business is conducted on Monday through Friday, except for legal holidays when the United States Post Office is closed.

**Sec. 8. DETERMINATION AND FULFILLMENT OF PRIVATE PASSENGER NONFLEET LOW COST AUTOMOBILE INSURANCE PROGRAM QUOTAS**

*Paragraph B.4 is amended as follows:*

**B. Limited Assignment Distribution Procedure (LAD)**

4. When the estimated Low Cost Program Private Passenger Nonfleet AIP premium based upon the first quarter (February 1 through April 30) quota distribution reports is greater than \$1 \$5 million, each servicing company shall be subject to a limitation on additional LCA assignments it may write on behalf of buyout companies. This limitation shall be determined annually in accordance with the following formula:

$$\text{Limitation} = \frac{\text{Market Share of Available Eligible LAD Buy Out Companies}}{\text{Number of Active Servicing Companies}} + 10\%$$

The resulting percentage shall be rounded to the nearest whole percentage. The market shares of the available eligible LAD buyout companies shall include the market shares of current buyout companies (including companies allowed market share exceptions to buyout) and the market shares of companies who are otherwise eligible to buyout in LAD in the future. Active LAD servicing companies are those receiving LAD assignments through the LAD arrangement. For purposes of calculation of the limitation, a servicing company must have an LCA LAD market share of 10% or greater to be considered an active servicing company. This standard is applicable to existing servicing companies and new servicing companies entering the LCA LAD marketplace.

The servicing company limitation on additional LCA assignments shall be subject to annual review by the Advisory Committee.

~~If the estimated Low Cost Program private passenger nonfleet AIP premium is \$1 million or less, there shall be no limitation on the additional LCA assignments a servicing company may write.~~

*Paragraph B.7 is amended as follows:*

7. In-force Program policies of the buy-out company in existence at the time of the effective date of the buy-out contract may be transferred to the servicing company upon expiration. The transfer must be agreed upon by the servicing company and the buy-out company in the contract. In addition, each insured transferred must meet the eligibility requirements for a Program renewal.

The buy-out company will verify the eligibility of each Program insured for a renewal in accordance with Section 30. If the insured is eligible for a Program renewal, the buy-out company will notify the insured and the producer that the Low Cost Auto Policy is being transferred to the servicing company. The servicing company shall issue a renewal policy quotation in accordance with the procedures in Section 30. If the buy-out company determines that the insured is no longer eligible for a Low Cost Auto Policy, the buy-out company will issue a notice of nonrenewal in accordance with Section 30.

## **Sec. 26. PREMIUM PAYMENT OPTIONS**

*Paragraph C.6 is amended as follows:*

If the outstanding premium balance is eliminated, the remaining return premium amount shall be refunded to the insured or his assignee within 30 25 business days from the date the servicing carrier receives the change. Return premium resulting from the changes in the policy shall be used to reduce any premium balance outstanding on the current in force policy or renewal premium deposit. An insurer may at any time solicit the insured's consent or may in its policy reserve the right, to apply the unearned premium generated by an amendment or endorsement removing or reducing coverage for an insured person or property to the balance owed on the policy as a whole. If any outstanding premium balance remains, the number and amounts of the remaining installments shall be adjusted accordingly, except that when the return amount is less than \$20 it may then be treated as a separate transaction.

## **Sec. 37. PERFORMANCE STANDARDS FOR SERVICING CARRIERS** **WRITING CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN** **COMMERCIAL RISK**

*Paragraphs A.4 and A.6 are amended as follows:*

### **A. Servicing Carrier Performance Standards**

#### **4. Endorsements**

The servicing carrier shall mail requested endorsements within 30 25 business days of receipt of the completed request for endorsement. Return premium resulting from changes in the policy shall be used to reduce any premium balance outstanding on the current in force policy or the renewal deposit. An insurer may at any time solicit the insured's consent or may in its policy reserve the right, to apply the unearned premium generated by an amendment or endorsement removing or reducing coverage for an insured person or property to the balance owed on the policy as a whole.